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South Africa, Republic of

Citrus

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Approved by:

Richard Helm

U.S. Embassy

Prepared by:

Patricia Mabiletsa

Report Highlights:

South Africa's CY 2001 production of oranges, grapefruit and lemons is estimated to increase to over 1.5 million tons, up 11% from last year due to the effects of good soil moisture content, favorable weather, increased area and improved cultivars in the citrus growing areas. Producer profits in the last two years have fallen dramatically for many citrus farmers because of instability in the industry brought about by the deregulation of 1997; in particular, prices were hurt by an oversupply of poor quality fruit in traditional markets. South Africa's citrus industry's ambition is to expand sales to new markets such as Japan and the US. The industry is also lobbying for government support in both the domestic and export markets.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Total CY 2001 citrus production of oranges, grapefruit and lemons is estimated to increase to about 1.5 million tons, up 11% from last year due to the positive effects of enough soil moisture content following favorable weather, sunlight, increased area and improved cultivars in the citrus growing areas. The increase occurred despite flood damage in the Northern Province. Output increases are estimated at 6% for oranges, 22% for grapefruit, and 7% for lemons. Consumption is expected to increase by about 5% than last year. Exports are expected to rise by 17% from 700,000 MT last year. The delivered-in-port prices of Valencias and Navels have reflected good producer prices and real price increases.

Producer prices in the last two years have fallen significantly because of oversupply of poor quality fruit in traditional markets. Many citrus farmers point to the instability in the industry brought about by the deregulation of 1997 as a principal cause of the price drop, particularly the phasing out of the marketing boards that used to support producer prices. However, there have been a few farmers who managed to profit because they provided good quality fruit and implemented effective shipping and marketing strategies that ensured the integrity of the cold chain all the way to the consumer.

South Africa's citrus industry has recently established three new structures namely, Citrus South Africa, the Citrus Exporters' Association, and the Joint Management Association, to provide an effective management of citrus exports.

The strategy of South Africa citrus industry is to expand sales to new markets such as Japan and the US. However, South African exports must still overcome phytosanitary requirements in many countries.

South Africa's citrus industry is lobbying the government to establish domestic support, as well as export enhancement programs to enable them meet the increasing strict phytosanitary requirements of importers and compete on a more level playing field with other suppliers.

Production

South Africa's citrus industry is primarily dominated by Valencia orange varieties which include the Delta's Midnights and Navels. Citrus yields in mature orchards average about 40 to 60 tons per hectare.

Total CY 2001 citrus production of oranges, grapefruit and lemons is estimated to increase to about 1.5 million tons, up 11% from last year due to the effects of enough soil moisture content following favorable weather, sunlight, increased area and improved cultivars in the citrus growing areas, despite flood damage in the Northern Province. This includes from an expected 6% increase in production of oranges, 22% for grapefruit, and 7% for lemons. The delivered-in-port prices of Valencias and Navels have reflected good producer prices and real price increases.

The international market preference for larger fruit resulted in a reduction in average age of orchards because older trees produce smaller fruit. Emphasis has also shifted from quantity to quality.

In 2000, South Africa's citrus industry established three new structures, namely, Citrus South Africa, Citrus Exporters' Association, and the Joint Management Association, to provide more effective management of citrus exports. About two-thirds of South Africa's total citrus crop is exported annually, earning the country around R2 billion in foreign exchange. With the improved export management in place in CY2001, producer profits are expected to increase by an extra R1 billion from last year. In 2000, South Africa's producers incurred estimated losses of about R600 million because of an oversupply of poor quality fruit in their traditional citrus export markets (Europe and Middle East) which led to a drop in prices.

The Citrus Exporters' Association, in co-operation with accredited exporters, is expected to secure minimum prices from exporters by applying strict quality standards and establishing key resistance levels in offshore markets.

South Africa's exporting period for citrus is from April to October, and therefore competes mainly with Argentina, Chile and Australia during the principal season, and with Israel, Spain, Egypt and the US towards the end of their marketing season.

Oranges, Fresh

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	54728	53728	55200	54728	0	55200
Area Harvested	44659	43539	45700	44659	0	45700
Bearing Trees	16722	16122	17300	16722	0	17300
Non-Bearing Trees	1954	1854	2100	1954	0	2100
TOTAL No. Of Trees	18676	17976	19400	18676	0	19400
Production	1049	1048	1160	1119	0	1150
Imports	1	1	1	1	0	1
TOTAL SUPPLY	1050	1049	1161	1120	0	1151
Exports	507	517	600	570	0	580
Fresh Dom. Consumption	267	228	280	250	0	270
Processing	276	304	281	300	0	301
TOTAL DISTRIBUTION	1050	1049	1161	1120	0	1151

In CY 2000, prices for Navel and Valencias reflected bad producer prices (about R17/carton for both and real prices of R13 and R12 respectively) due to oversupply on international markets. However, for CY 2001 season Valencia varieties are expected to receive better prices primarily due to the devaluation of the Rand and improved export quality control. Currently, only class1 of the Valencia orange varieties is exported to US.

Exports,Oranges,Fresh

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Oranges		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	9367	U.S.	
Others		Others	
Netherlands	94109		
Belgium	85839		
United Kingdom	64435		
Saudi Arabia	59716		
Spain	34629		
U. A. Emirates	30446		
Hongkong	26209		
Canada	21134		
Russia.	19092		
France	17039		
Total for Others	452648		0
Others not Listed	55097		
Grand Total	517112		0

Source: Dept of Customs&Excise

The following table shows CY 2001 citrus exported to the US through the special export projects(SEP). This project is conducted by the National Department of Agriculture in conjunction with APHIS. The Western Cape is considered a Black-spot free zone and is currently the only region approved to export citrus to the US. For MY2000, 16 exporters participated in the programme and a total of about 27,238 MT of citrus were exported.

CULTIVAR	TONS
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Navals	21,506
Clementine	41,164
Mandarin	729
Midnights	2,504
Minneolas	904
Nova	1,056
Total	67,863

Source: Deciduous Fruit Producer Trust

Orange Juice

PSD Table						
Country	South Africa, Republic of				Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Deliv. To Processors	276	304	281	300	0	300
Beginning Stocks	2500	3338	623	2500	2423	1600
Production	19000	15750	20500	20000	0	20500
Imports	100	0	100	100	0	110
TOTAL SUPPLY	21600	19088	21223	22600	2423	22210
Exports	10477	6338	8100	9500	0	11000
Domestic Consumption	10500	10250	10700	11500	0	10000
Ending Stocks	623	2500	2423	1600	0	1210
TOTAL DISTRIBUTION	21600	19088	21223	22600	0	22210

Lemons, Fresh

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	3550	3550	3550	3550	3550	3550
Area Harvested	2958	2958	2970	2970	2980	2980
Bearing Trees	1164	1164	1170	1170	1180	1180
Non-Bearing Trees	200	200	216	216	230	230
TOTAL No. Of Trees	1364	1364	1386	1386	1410	1410
Production	95	95	112	112	130	120
Imports	0	0	0	0	0	0
TOTAL SUPPLY	95	95	112	112	130	120
Exports	60	60	66	66	80	60
Fresh Dom. Consumption	13	13	9	9	10	20
Processing	22	22	37	37	40	40
TOTAL DISTRIBUTION	95	95	112	112	130	120

South Africa's lemon producer prices reached about R36/carton whilst real prices stood at R26/carton in 2000. This is a decline from producer prices of R44 and real prices of R37 in 1999. South Africa exports a large volume of lemons, while a small percentage of lemons are sold on the fresh produce domestic markets. And about 41% of all lemons are processed and some 45% are exported. CY 2001 prices are expected to improve from last year's, depending on fruit quality.

Exports, Lemons, Fresh

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Lemons		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	203	U.S.	
Others		Others	
Saudi Arabia	12449		
U.A. Emirates	10509		
United Kingdom	7783		
HongKong	6192		
Belgium	5606		
Japan	4627		
Netherlands	4359		
Slovenia	1469		
Singapore	1342		
Spain	1230		
Total for Others	55566		0
Others not Listed	10231		
Grand Total	66000		0

Source: Dept Customs&Excise

Grapefruit, Fresh

PSD Table						
Country	South Africa, Republic of					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	4360	4360	4360	4360	4360	4360
Area Harvested	3927	3927	3930	3930	3933	3933
Bearing Trees	15360	15360	15400	15400	15410	15410
Non-Bearing Trees	100	100	105	105	110	110
TOTAL No. Of Trees	15460	15460	15505	15505	15520	15520
Production	171	171	186	186	230	240
Imports	1	1	1	1	1	1
TOTAL SUPPLY	172	172	187	187	231	241
Exports	115	115	134	134	170	180
Fresh Dom. Consumption	11	11	9	9	10	10
Processing	46	46	44	44	51	51
TOTAL DISTRIBUTION	172	172	187	187	231	241

Exports, Grapefruit, Fresh

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Fresh Grapefruit		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	18	U.S.	
Others		Others	
Japan	33031		
Netherlands	25258		
Belgium	24484		
United Kingdom	20522		
Mozambique	8229		
France	6479		
Canada	4917		
Italy	3316		

HongKong	1839		
Spain	982		
Total for Others	129057		0
Others not Listed	4494		
Grand Total	133569		0

Source: Dept of Customs&Excise

In 2000, grapefruit exports declined to almost 45% of total production compared to an average of about 60% in the previous four years, mainly due to the oversupply of grapefruit to key international markets. There is increased planting of Star Ruby variety as a result of increased demand in the international market. It currently has a lower citrus market share(6.5%) compared to Marsh grapefruit (7.3%).

Consumption

Consumption is expected to increase about 5% than last year. Exports are expected to rise by 17% from 700,000 MT of last year.

Trade

The percentage of South Africa citrus production trade usually exceeds 70% annually, with exports exceeding 50 million cartons and sold in about 50 markets on 6 continents. South Africa's biggest export market is still Europe, followed by the Middle East, Japan, the Far East and the United States.

South Africa's citrus exports should continue to benefit from the Rand's devaluation, which is expected to boost export earnings. The rapid devaluation of the Rand compared to the US Dollar should also favour South Africa exports to the US, if they continue to meet US's phytosanitary requirements.

The deregulation of 1997 opened up new worldwide markets for SA produce. Japan, with a better profit margin than Europe, has become an important market for South Africa's citrus industry. Currently, three of SA's largest independent fruit exporters have landed a contract to export about R100 million of citrus fruit to Japan. The export deal comes after many seasons of poor returns to fruit farmers.

Policy

During the 2001 season, the National Department of Agriculture, through the Citrus Growers' Association, instituted a product tracking system for citrus. The system provides that growers exporting under the Special Export Markets(USA, Japan, Korea and EU) must register with the department and obtain a production unit code(PUC) per orchard, farm or number of farms. The purpose of the registration is to be able to identify and withdraw all fruit produced on a particular production unit when the registration of a sample of that crop is declined.

International Standards

The fruit industry is finalizing the Maximum Residue Limit(MRL) information that will include: the local South Africa registered MRL and withholding period; an export default MRL and export withholding period; and the EU, USA and Codex MRL's, per fruit type. Export MRL's expected from the National Department of Health and Quality will include new Grading Standard Regulations based on the strictest MRL required in the EU Member States, Canada and the USA.

Phytosanitary

The Western Cape is free of Citrus Black Spot(CBS), and currently, only citrus produced in the region can be exported to the United States. USDA has a phytosanitary pre-clearance and inspection program in the Western Cape for South Africa citrus destined for the US market. Several other countries such as Japan, Korea, the EU also have pre-clearance programs for citrus exports to their markets.

Marketing

A new international campaign, under the umbrella slogan, 'Fruit South Africa', has been launched to promote the image of South Africa fruit products. The South Africa fruit industry under 'Fruit South Africa' participated in the Asia Fruit Conference held in Hong Kong in early May. The industry intends to continue to participate in international fruit trade fairs. The South African Fruit Exporter's Forum indicates that the fruit export industry is undergoing a fundamental change and adapting quickly to the requirements of the free market system.

The South Africa's citrus industry has established a marketing forum which meets weekly to discuss all aspects of marketing. About 85% of growers have joined the organization and are working together to optimize sales to the overseas market.